

## MUTUAL FUND DEALERS ASSOCIATION OF CANADA

### PROPOSED MFDA RULES 1.2 (DEFINITIONS), 1.2.6 (CONTINUING EDUCATION), AND PROPOSED MFDA POLICY NO. 9 - *CONTINUING EDUCATION (CE) REQUIREMENTS*

#### I. OVERVIEW

As per the 2015-2017 MFDA Strategic Plan, the MFDA committed to establishing continuing education requirements for MFDA Members and their Approved Persons.

##### A. Reasons for Proposed Rule and Policy

Proposed new Rules 1.2, 1.2.6, and proposed new MFDA Policy No. 9 would establish CE requirements for Members and Approved Persons and minimum standards for complying with such requirements. As noted, such requirements will assist the Approved Persons of MFDA Members in keeping their industry knowledge current, and maintaining a high standard of professionalism.

##### B. Objectives

The objectives of the proposed new Rules and Policy, as noted, are to establish CE requirements for the Approved Persons of MFDA Members, minimum standards for complying with such requirements, and, thereby, to assist Approved Persons in maintaining high standards of professionalism, and keeping their industry knowledge current.

##### C. Effect of Proposed Rule and Policy

The effect of the proposed new Rules and Policy will be to establish CE requirements and minimum standards which will further assist in maintaining the skills and industry knowledge of MFDA Member Approved Persons.

#### II. DETAILED ANALYSIS

##### A. Proposed Rule and Policy

###### *Related Consultation on CE Requirements*

The development and implementation of CE requirements is a significant undertaking which will materially impact Members, Approved Persons, the MFDA and other industry participants. In recognition of the scope of this project, staff engaged in a multi-stage advance consultation with stakeholders to ensure that any requirements ultimately adopted achieve the desired regulatory objectives in a manner that is as cost effective and efficient as possible.

On December 5, 2014, the MFDA published Bulletin #0619-M, which solicited participation from Member representatives on a CE working group. The working group met in March 2015 to

provide input on the MFDA CE framework. Input from the working group was used to draft Discussion Papers, which were subsequently published for public comment.

On June 22, 2015 the MFDA published, for a 90-day public comment period, a Discussion Paper on the development of CE requirements. The public comment period ended on September 21, 2015. A summary of comments received was published on December 1, 2015 (see Bulletin #0666-P).

On January 12, 2017, after consideration of comments received during the 2015 consultation, revisions were made to the regulatory concept proposals under consideration. The revised proposals were then published in a second Discussion Paper, which specifically sought comment on the content of a proposed new CE Policy and Rules. The public comment period ended on April 28, 2017. A summary of comments received was published on September 14, 2017 (see Bulletin #0730-P).

### Summary of Proposed Rules and Policy

Key components of the proposed new requirements are summarized below. The text of these requirements is attached to this memorandum as Schedule “A”.

**Proposed New Rule 1.2(1):** sets out the definition of key terms (i.e. “continuing education program”, “cycle”, “Business Conduct Credit”, “Professional Development Credit”, and “MFDA Compliance Credit”) for the purpose of complying with requirements under proposed new Rule 1.2.6, and proposed new MFDA Policy No. 9;

**Proposed New Rule 1.2.6:** prescribes CE requirements for Dealing Representatives, Chief Compliance Officers, Ultimate Designated Persons, and Branch Managers in the areas of: Business Conduct, Professional Development, and MFDA Compliance Credits. For any given cycle (i.e. prescribed 24 month period) Dealing Representatives, Chief Compliance Officers, Ultimate Designated Persons, and Branch Managers must meet the same credit requirements in the areas of:

- Business Conduct (8 credits/cycle); and
- MFDA Compliance (2 credits/cycle).

Dealing Representatives must, additionally, complete 20 credits/cycle in the area of Professional Development.

**Proposed New MFDA Policy No. 9:** establishes minimum requirements for complying with Rule 1.2.6, and sets out formulas which Approved Persons must use to determine their CE credit requirements in different circumstances (e.g. where an Approved Person is a new or returning participant in the MFDA CE program, or there is a mid-cycle change in an Approved Person’s participation resulting from a change to their categories of registration under securities legislation or designation under MFDA Rules). The Policy also addresses other related matters, including:

- the ability of Members, in specified circumstances, to reduce the CE credit requirements applicable to an Approved Person for a given cycle;

- minimum standards for CE component content, and the accreditation/delivery of such content; and
- requirements respecting reporting, evidence of completion, non-compliance and reinstatement.

## **B. Comparison with Similar Provisions**

During the development of the proposed new Rules and Policy, consideration was given to CE requirements established by the Investment Industry Regulatory Organization of Canada (“IIROC”), and the Chambre de la sécurité financière (the “Chambre”). Consideration was also given to the CE regimes of certain industry associations, which were found to share many of the attributes of the IIROC and Chambre models.

The proposed MFDA requirements are similar, in all material respects, with those established under the IIROC and Chambre CE regimes. Each adopts a two-year program cycle, sets out the number of credits to be completed per cycle, based on categories of registration, and requires credits in the areas of Business Conduct and Professional Development. MFDA requirements, as proposed, and those of the Chambre, require the completion of credits in the areas of Ethics (i.e. as part of the Business Conduct credit requirements), and Compliance. Compliance credits are mandatory and supplied by the regulator under both the MFDA proposals and the Chambre’s regime. Each model allows carryforward of professional development credits.

Accreditation of CE activity is one area of difference between the models. MFDA proposals would permit such accreditation to be done by the MFDA, Member, or authorized 3<sup>rd</sup> parties. Under the IIROC regime, consideration is being given to allowing accreditation of CE activity by authorized 3<sup>rd</sup> parties (although this is not currently permitted). Under the Chambre’s regime, only it is authorized to accredit CE activity.

Under the IIROC model, reporting of CE credits obtained during a period is done by way of an attestation of compliance by the member firm. Under MFDA requirements, as proposed, and the Chambre’s model, the CE reporting regime involves detailed tracking of each credit obtained by a participant.

Grandfathering of professional development credits is not permitted under the Chambre’s regime or MFDA requirements, as proposed, but is permitted under the IIROC model, provided that the participant has been in continuous registration since January 1, 1990.

## **C. Issues and Alternatives Considered**

### *MFDA CE Tracking System*

A key issue considered was the reporting regime to be adopted under the proposed new Rules and Policy. As noted above, the MFDA’s proposal would include detailed tracking of each credit obtained by a participant. Approved Persons, Members, and service providers would be provided with ongoing access to such information. The MFDA is of the view that this approach, as opposed to the adoption of an attestation model, will more efficiently and effectively achieve the identified regulatory objectives. MFDA staff also intend for this system to be compatible with other regulatory systems (e.g. the National Registration Database – “NRD”). Prior to

implementation, MFDA staff intends to test the tracking system and hold training sessions for the various user groups.

#### **D. Systems Impact of Proposed Rule and Policy**

The proposed requirements may have an impact upon Member systems. The extent of such impact will depend on the functionality of the Member's current system and the extent to which a Member is able to integrate data available through the MFDA CE Tracking System into their existing system. MFDA staff is currently working on implementation and administrative aspects of the proposed requirements (i.e. those related to the launch and maintenance of the regime), including the MFDA CE tracking system. As with the Rule/Policy proposals, these aspects of the model are being developed in conjunction with stakeholder/service provider input so as to ensure that the implementation and operation of the framework as a whole will be as simple, efficient, and cost-effective as possible.

#### **E. Best Interests of the Capital Markets**

The proposed new Rules and Policy were approved by the MFDA Board of Directors at their February 28, 2018 meeting. The Board has determined that these proposals are consistent with the best interests of the capital markets.

#### **F. Public Interest Objective**

The proposed new Rules and Policy will assist the Approved Persons of MFDA Members in keeping their industry knowledge current, maintaining a high standard of professionalism, and are consistent with the public interest.

#### **G. Classification**

The proposed new Rules and Policy have been classified as Public Comment Rule proposals.

### **III. COMMENTARY**

#### **A. Filing in Other Jurisdictions**

The proposed new Rules and Policy will be filed for approval with the Alberta, British Columbia, Manitoba, Nova Scotia and Ontario Securities Commissions, the New Brunswick Financial and Consumer Services Commission, the PEI Office of the Superintendent of Securities Office and the Saskatchewan Financial and Consumer Affairs Authority.

#### **B. Effectiveness**

The proposed new Rules and Policy are straightforward and effective.

#### **C. Process**

The proposed new Rules and Policy have been developed in consultation with the relevant departments within the MFDA. The proposals were reviewed by the MFDA PAC on November

20, 2017, by the Regulatory Issues Committee of the MFDA Board of Directors on February 7, 2018 and, subsequently, approved by the full MFDA Board of Directors on February 28, 2018. In approving the proposed new Rules and Policy, the MFDA has followed its established internal governance practices and has considered the need for consequential amendments.

#### **D. Effective Date**

The proposed new Rules and Policy will be effective on a date to be subsequently determined by the MFDA.

#### **E. Exemption from Requirements under Securities Legislation**

The proposed new Rules and Policy do not involve a Rule that the MFDA, its Members or Approved Persons must comply with in order to be exempted from a securities legislation requirement.

#### **F. Conflict with Applicable Laws or Terms and Conditions of Recognition Order**

The proposed new Rules and Policy do not conflict with applicable laws or the Terms and Conditions of a Recognizing Regulator's Recognition Order.

### **IV. SOURCES**

- IIROC Rule 2650 (Continuing Education Requirements for Approved Persons)
- IIROC Rule Notice 17-0223 (Implementation of Rule 2650 – Continuing Education Requirements for Approved Persons)
- IIROC Continuing Education Program
- Chambre de la sécurité financière – Professional Development Requirements/Continuing Education Provider
- Regulation of the Chambre de la sécurité financière respecting compulsory professional development

### **V. REQUIREMENT TO PUBLISH FOR COMMENT**

The MFDA is required to publish for comment the proposed new Rules and Policy so that the issues referred to above may be considered by the Recognizing Regulators.

**The MFDA has determined that the entry into force of the proposed new Rules and Policy would be in the public interest and not detrimental to the capital markets. Comments are sought on the proposed new Rules and Policy.** Comments should be made in writing. One copy of each comment letter should be delivered within **90** days of the publication of this notice, addressed to the attention of:

Paige Ward  
General Counsel, Corporate Secretary and Vice-President, Policy  
Mutual Fund Dealers Association of Canada  
121 King St. West, Suite 1000  
Toronto, Ontario M5H 3T9  
[pward@mfd.ca](mailto:pward@mfd.ca)

and one copy addressed to the attention of:

Anne Hamilton  
Senior Legal Counsel  
British Columbia Securities Commission  
701 West Georgia Street  
P.O. Box 10142, Pacific Centre  
Vancouver, British Columbia, V7Y 1L2  
[ahamilton@bcsc.bc.ca](mailto:ahamilton@bcsc.bc.ca)

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the MFDA website at [www.mfda.ca](http://www.mfda.ca).

Questions may be referred to:

Paige Ward  
General Counsel, Corporate Secretary and Vice-President, Policy  
Mutual Fund Dealers Association of Canada  
(416) 943-5858

**DM#599291v5**

## SCHEDULE "A"

### Proposed New MFDA Rules 1.2 (Definitions) and 1.2.6 (Continuing Education)

#### Rule 1.2

- (1) **Definitions.** For the purposes of this Rule and Policy No. 9,
  - (a) “continuing education program” (“CE program”) means the MFDA’s Continuing Education program.
  - (b) “Business Conduct Credit” means one hour of continuing education activity in a business conduct topic area, as prescribed under Policy No. 9.
  - (c) “cycle” means any 24-month period beginning on December 1<sup>st</sup> of an odd-numbered year.
  - (d) “MFDA Compliance Credit” means a continuing education activity in an MFDA Compliance topic area, as prescribed under Policy No. 9.
  - (e) “Professional Development Credit” means one hour of continuing education activity in a professional development topic area, as prescribed under Policy No. 9.
- (2) The MFDA CE Program referred to in subsection (1)(a) above, consists of the following components: (i) business conduct; (ii) professional development; and (iii) MFDA Compliance.

#### Rule 1.2.6

##### 1.2.6 **Continuing Education (CE).**

- (a) **Compliance with CE Requirements.** Each Member and each Approved Person noted in subsections (b) and (c) below shall comply with requirements respecting continuing education, as set out under this Rule and Policy No. 9.
- (b) **Dealing Representative.** For each cycle, every Approved Person who is registered as a dealing representative under Canadian securities legislation must complete 8 Business Conduct Credits, 20 Professional Development Credits and 2 MFDA Compliance Credits, in accordance with requirements under Policy No. 9.
- (c) **Chief Compliance Officer, Ultimate Designated Person and Branch Manager.** Where an Approved Person is not registered as a dealing representative, but is registered as either a chief compliance officer or ultimate designated person under Canadian securities legislation, or is designated by the Member as a branch manager, alternate branch manager, or alternate chief compliance officer under MFDA Rules, that individual must, for each cycle, complete 8 Business Conduct Credits, and 2 MFDA Compliance Credits, in accordance with requirements under Policy No. 9.

(d) **CE Requirements for a Partial Cycle.**

- (i) **Non-Application.** An Approved Person is not required to meet the CE requirement for any component credit specified under Rule 1.2.6(b) or (c), where, in any given cycle, the Approved Person is subject to that component requirement for a period that is less than, or equal to, 2 months.
- (ii) **Pro-ration of Credits.** Where an Approved Person is subject to requirements for any CE component credit specified under Rule 1.2.6(b) or (c) for less than a full cycle, and the period in question is greater than 2 months, the Approved Person may be able to satisfy such requirements on a pro-rata basis, in accordance with the applicable provisions of Policy No. 9.

(e) **Leaves of Absence.** Where an Approved Person is subject to the requirements under Rule 1.2.6(b) or (c), and was absent, for a period of at least 4 consecutive weeks, from their employment as an Approved Person, the CCO can reduce the CE credit requirements applicable to that Approved Person under Rule 1.2.6(b) or (c), in accordance with the applicable provisions under Policy No. 9.

(f) **Accreditation.** The Corporation shall only recognize continuing education activities that have met the minimum requirements set out under Policy No. 9.

(g) **Evidence of Completion.** Each Member and each Approved Person noted in subsections (b) and (c) above must maintain evidence of completion of CE credits for a cycle, as required under this Rule and Policy No. 9, for a 24-month period following the end of that cycle.

(h) **Reporting.** Each Member and each Approved Person noted in subsections (b) and (c) above must meet the minimum requirements set out under Policy No. 9 respecting notification to the Corporation of the completion of CE credits.

(i) **Non-compliance.**

- (a) Where, for any given cycle, an Approved Person does not meet the CE credit requirements of the MFDA continuing education program, that individual shall cease to act as an Approved Person of any Member, until such time as the Corporation has determined that the prescribed CE credit requirements have been met.
- (b) Each Member shall be liable for and pay to the Corporation fees, levies, or assessments in the amounts prescribed from time to time by the Corporation for the failure of the Member or an Approved Person to comply with the requirements of this Rule or Policy No. 9.

**Proposed New MFDA Policy No. 9  
(Continuing Education Requirements for Approved Persons of MFDA  
Members)**

**MFDA POLICY NO. 9**

**CONTINUING EDUCATION (“CE”) REQUIREMENTS**

**Purpose**

MFDA Rule 1.2.6 prescribes continuing education requirements for Approved Persons of MFDA Members. The purpose of this Policy is to establish minimum requirements for compliance with provisions under the Rule.

**Definitions** (For the purposes of this Policy)

“**date of participation**” means the date upon which an Approved Person was registered under securities legislation, or designated by a Member under MFDA Rules, in one or more categories set out under MFDA Rule 1.2.6(b) and (c).

“**Filer**” means any Approved Person, Member, individual, or entity authorized by the Corporation to file CE credit completion reports with the Corporation on behalf of Approved Persons and Members.

“**Participant**” means to any Approved Person who is registered, during a cycle, as a dealing representative, chief compliance officer or ultimate designated person under Canadian securities legislation, or designated by the Member as a branch manager or alternate branch manager, or alternate chief compliance officer under MFDA Rules.

“**Provider**” means any individual or entity offering a continuing education activity that is recognized by the Corporation. Providers may include Approved Persons, Members, mutual fund companies, insurance companies, other financial service businesses, industry associations, or duly recognized educational institutions.

**GENERAL CE CREDIT REQUIREMENTS**

MFDA Rule 1.2.6 (b) requires every Approved Person who is registered as a dealing representative under Canadian securities legislation to complete 8 Business Conduct Credits, 20 Professional Development Credits and 2 MFDA Compliance Credits each cycle.

MFDA Rule 1.2.6 (c) requires Approved Persons who are not registered as a dealing representative, but are registered as a chief compliance officer or ultimate designated person under Canadian securities legislation, or designated by the Member as a branch manager or alternate branch manager, or alternate chief compliance officer under MFDA Rules, to complete 8 Business Conduct Credits and 2 MFDA Compliance Credits each cycle.

## **PART A PRO-RATION OF CREDITS**

Rule 1.2.6(d) addresses the application of CE requirements for a partial cycle. This section sets out details regarding the application of CE requirements for new and returning Participants, and where there is a change in participation for a Participant.

### **1. New Participants.**

- 1.1 Requirements under Rule 1.2.6(b) or (c) do not apply to a Participant where their initial date of participation falls within the 23<sup>rd</sup> or 24<sup>th</sup> month of the cycle.
- 1.2 A Participant, who is in their first cycle, must satisfy the requirements for each CE component under Rule 1.2.6(b) and (c) on a pro-rata basis, where their initial date of participation falls within months 1 to 22 of that cycle. A pro-rata calculation made under this section must use the following formula:

$$\text{Total Number of Component Credits Required} = \text{A} \times \frac{\text{B}}{24}$$

where

**A** = the total number of credits required for the CE component in a full cycle (i.e. 8 for business conduct, 20 for professional development, and 2 for MFDA compliance); and

**B** = the total number of months remaining in the cycle, including the month of participation; and

The **Total Number of Component Credits Required** is rounded up to the nearest full credit.

### **2. Returning Participants.**

- 2.1 A returning Participant who has been previously registered under securities legislation as a dealing representative, chief compliance officer or ultimate designated person, or has been previously designated by a Member under MFDA Rules as a branch manager, alternate branch manager or alternate chief compliance officer:
  - (a) must, within 10 business days of returning as a Participant, satisfy their outstanding CE credits, if any, from the immediately preceding cycle;
  - (b) is not required to satisfy the requirements under Rule 1.2.6(b) and (c) in the current cycle, if, as a returning Participant, their date of participation falls within the 23<sup>rd</sup> or 24<sup>th</sup> month of the cycle;
  - (c) must satisfy, on a pro-rata basis, the requirements for each CE component under Rule 1.2.6(b) and (c) for the current cycle, using the formula set out in section 1.2 above,

provided that their date of participation falls within months 1 to 22 of the current cycle.

### **3. Change in Participation.**

- 3.1 During the course of a cycle, there may be changes to a Participant's categories of registration under securities legislation, or to their designated categories under MFDA Rules. As of result of such changes, the Participant may become subject to CE requirements which are different from those to which they were subject to earlier in that cycle. In such circumstances, the Participant must use the following formula to determine their requirements for each CE component for the cycle:

$$\text{Total Number of Component Credits Required} = \text{A} \times \frac{\text{C}}{24}$$

where

**A** = the total number of credits required for the CE component in a full cycle (i.e. 8 for business conduct, 20 for professional development, and 2 for MFDA compliance); and

**C** = the total number of months in the cycle, including each initial partial month, during which the component credit requirement was applicable; and

The **Total Number of Component Credits Required** is rounded up to the nearest full credit.

- 3.2 Notwithstanding the provisions under 3.1, a Participant is not required to satisfy the requirements for any CE component under Rule 1.2.6(b) or (c) for the current cycle, provided that the total number of months in the cycle during which the component credit requirements was applicable, including each initial partial month, is less than 3.

## **PART B LEAVES OF ABSENCE**

- 4.1 MFDA Rule 1.2.6(e) permits a Member to reduce the CE credit requirements applicable to a Participant under Rule 1.2.6(b) or (c) in circumstances where the Participant was absent, for a period of at least 4 consecutive weeks, from their employment as an Approved Person due to:
- (a) Pregnancy and parental leave;
  - (b) Personal emergency leave;
  - (c) Family caregiver or medical leave;
  - (d) Personal illness or injury;
  - (e) Mandatory duty as a juror or witness; or
  - (f) Other similar leaves of absence defined under applicable provincial laws.

4.2 In order to reduce the number of CE credit requirements, the chief compliance officer, or their delegate, must:

- (a) approve the reduction in the number of credits;
- (b) maintain sufficient evidence and documentation to support their decision, including the following:
  - i. how the calculation of the reduction in credits was determined;
  - ii. the nature of the absence; and
- (c) notify the Corporation of the reduction in the number of credits by filing a credit reduction report with the Corporation no later than 10 days following the end of each cycle in which the consideration was applicable.

4.3 A reduction in credits must be calculated using the formula outlined under 1.2 above.

## **PART C COMPONENT CONTENT**

This section sets out minimum standards for continuing education content. These standards should be considered in the context of what is reasonable based on the Participant's roles and responsibilities and the Member's operations. Members should have procedures for identifying appropriate training topic areas for their Participants.

### **5. Business Conduct.**

5.1 Business Conduct content is educational material that promotes, directs and guides ethical and compliant conduct. It includes education regarding ethical issues, MFDA Rules and Policies, other applicable legislation, and Member's policies and procedures for complying with regulatory requirements.

5.2 A single Business Conduct Credit consists of 1 hour of training in at least one of the following topic areas:

- (a) Ethics;
- (b) MFDA Rules and Policies and Member policies and procedures for complying with the Rules and Policies; and
- (c) Relevant legislation and its application.

5.3 For each cycle where a Participant is required to obtain at least 8 Business Conduct Credits, a minimum of 1 and maximum of 2 credits must be content relating to ethics.

5.4 Ethics related content refers to content that examines ethical principles and moral or ethical problems that may arise in performing duties on behalf of a Member, including the principles

under Rule 2.1.1. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations.

5.5 Other business conduct topics include, but are not limited to:

- (a) Conflicts of interests;
- (b) Personal financial dealings;
- (c) Regulatory requirements and initiatives that affect Member operations;
- (d) Disclosure of information to clients;
- (e) Documentation standards;
- (f) Know-Your-Client standards;
- (g) Suitability obligation;
- (h) Anti-money laundering laws and regulations and related Member policies and procedures;
- (i) Security and privacy of information; and
- (j) Complaint handling.

## **6. Professional Development.**

6.1 Professional Development content is educational material that maintains or enhances a Participant's financial knowledge or proficiency.

6.2 A single Professional Development Credit consists of 1 hour of training in at least one of the following topic areas:

- (a) Products;
- (b) Financial planning;
- (c) Retirement planning;
- (d) Investment strategies and asset allocation;
- (e) Client management techniques;
- (f) Economics, Accounting, and Finance;
- (g) Tax planning;
- (h) Estate planning; and
- (i) Insurance.

## **7. MFDA Compliance.**

7.1 MFDA Compliance content is education material relating to the conduct of Members and Participants that has been specifically designated by the Corporation. MFDA Compliance

content will include areas relating, but not limited, to, compliance examination findings, MFDA Compliance and Enforcement priorities, and proposed Rule and Policy changes.

- 7.2 The two MFDA Compliance Credits must be obtained by completing continuing education activities specifically designated by the Corporation.

## **PART D DELIVERY STANDARD**

- 8.1 Members may provide required content through their own training initiatives or through third parties.
- 8.2 For a CE activity to qualify under this Policy and Rule 1.2.6, it must be a structured activity where attendance is tracked, the CE content is accredited, and, as applicable, delivery of the CE content and evidence of completion has been documented.

## **PART E ACCREDITATION**

- 9.1 Accreditation of a continuing education activity is required prior to the CE credits being eligible for reporting with the Corporation.
- 9.2 Accreditation may be completed by the Corporation, MFDA Members, or third parties recognized by the Corporation.
- 9.3 For accreditation requests to the Corporation, a Provider must complete and submit a MFDA Accreditation Application form. The Provider must include all information requested in sufficient detail so as to facilitate the processing of the application. All accreditation applications completed by the Corporation will automatically be assigned an accreditation number and uploaded into the CE tracking system for reporting purposes.
- 9.4 If the Corporation determines that an application is incomplete in any manner, or the trainer does not have the knowledge required to give the training activity, the Corporation may refuse to accredit the activity.
- 9.5 All accreditations, including self-accreditations, must be completed in accordance with the standard evaluation procedures as prescribed by the Corporation.
- 9.6 For self-accreditations, the accreditor must maintain evidence of the education activity in sufficient detail so as to evidence the self-accreditation assessment and must file a self-accreditation report with the Corporation. Self-accredited activities will be assigned an accreditation number by the Corporation upon completion of the self-accreditation report.
- 9.7 Accreditation requests and self-accreditation reports must be submitted to the Corporation no later than the last day of the cycle. However, applications and reports should be submitted prior to, or as early as possible after, the date on which the activity was first held or offered.
- 9.8 Accreditation applications and self-accreditation reports must be accompanied by the applicable fees as prescribed by the Corporation. Fees charged by the MFDA for assessing

accreditation applications (up to 5 credits) are non-refundable. Applicable fees for credits in excess of 5 total credits will be refunded if the Corporation refuses to accredit those credits.

- 9.9 Each accredited activity recognized by the Corporation will be assigned an eligibility period not longer than 2 years from the date on which the activity was first held or offered, or from the date of recognition.

## **PART F EVIDENCE OF COMPLETION**

- 10.1 Evidence of completion for CE credits, as required under Rule 1.2.6, may be in the form of supporting documentation issued by the Provider, including certificates/other notices of completion, attendance records, or test results.
- 10.2 Members and Participants are not required to maintain evidence of completion for CE credits, where a Provider: (i) facilitates the delivery of accredited CE content, which meets the requirements under MFDA Rule 1.2.6 and Policy No. 9; (ii) maintains records related to the completion of CE credits by Participants; and (iii) submits such records to the Corporation on behalf of such Participants, in accordance with the requirements under Policy No. 9.

## **PART G REPORTING**

- 11.1 Only CE credits obtained during the assigned eligibility period may be used to satisfy the requirements under Rule 1.2.6. Credits obtained during any cycle may only be used to satisfy the prescribed credit requirements for that cycle or a previous cycle where a Participant has outstanding requirements from that previous cycle.
- 11.2 Notwithstanding the provisions of 11.1, Participants may carry forward to the next cycle a maximum of 5 excess Professional Development Credits.
- 11.3 Members and Participants must file reports of completed CE credits, and must ensure, where applicable, that any eligible third party filing reports of completed CE credits on their behalf files the reports, no later than 10 business days following the end of the cycle.
- 11.4 Notwithstanding the provisions under 11.3, when a Participant ceases to be an Approved Person of a Member, that Member must file a report of all completed CE credits for that Participant within 30 days.
- 11.5 Members, Participants and eligible third parties must use the CE tracking system designated by the Corporation to file reports of completed CE credits.

## **PART H ASSESSMENTS**

- 12.1 The Corporation may, at its discretion, conduct a review of any accredited continuing education activity delivered to Participants including the records to be retained by a Member, Participant, or Provider in respect of the CE credits reported to the Corporation.
- 12.2 In such instances, the Participant, Member, or Provider shall be notified, in writing, by the Corporation of the continuing education activities being reviewed and will have 15 days to submit to the Corporation any documents and information requested as part of the assessment.
- 12.3 Failure by a Participant, Member, or Provider to submit adequate evidence to support the continuing education activity delivered and the CE credits reported may result in the rejection by the Corporation of all or some of the reported CE credits associated with that continuing education activity. As a result of such rejection, the Participant may, for that cycle, be found to be non-compliant with the requirements under Rule 1.2.6.

## **PART I NON-COMPLIANCE**

### **13. Notification and Fees.**

- 13.1 Where, for any given cycle, the Corporation's records indicate that a Participant has not met the requirements as prescribed under Rule 1.2.6 and Policy No. 9, the Corporation shall notify the Participant's sponsoring Member of the non-compliance determination no later than 30 days from: (i) the end of the cycle, (ii) for a returning Participant, upon failure to satisfy any outstanding credits from the immediately preceding cycle, or (iii) at the completion of an assessment of the records maintained by a Participant, Member, or Provider where a rejection by the Corporation of reported CE credits has resulted in non-compliance for a Participant.
- 13.2 Where a Member has been notified of such non-compliance pursuant to paragraph 13.1 above, the Member shall have 15 days to submit a response for each non-compliance notification detailing a plan for each Participant to become compliant with the requirements under Rule 1.2.6 and this Policy.
- 13.3 Where, after receiving and reviewing the Member's response, the Corporation has determined that a Participant has not met the prescribed credit requirements for a given cycle, and the Corporation is not satisfied with the Member's response, the Corporation shall provide notification to the Participant's sponsoring Member indicating that the Participant is not to act as an Approved Person of any Member until such time as the Corporation has determined that the prescribed credit requirements have been met.
- 13.4 Where a Member has been notified pursuant to paragraph 13.3 above, the Member shall: (i) immediately provide appropriate notification of this matter to the applicable Participant, and (ii) promptly take all steps necessary to ensure that all impacted clients continue to receive service in accordance with requirements under MFDA Rules.

- 13.5 Where the Corporation has determined that a Member or Participant has not met the reporting requirements as prescribed under Rule 1.2.6 and Policy No. 9, the Corporation may, for each such occurrence, impose a \$500 fee on the Participant's sponsoring Member.
- 13.6 Where the Corporation has determined that a Participant has not met the prescribed credit requirements for any given cycle, as prescribed under Rule 1.2.6 and Policy No. 9, the Corporation may, for each such occurrence, impose a \$2,500 fee on the Participant's sponsoring Member.
- 13.7 Members will have 30 days from the date of notification to pay the fee in full to the Corporation.

**14. Reinstatement.**

- 14.1 Where the Corporation has provided notification to a Participant's sponsoring Member pursuant to paragraph 13.3, the Member and Participant may file CE credit reports for that applicable cycle for review by the Corporation.
- 14.2 Where the Corporation subsequently determines that the Participant has met the prescribed credit requirements for that applicable cycle, notification will be delivered to the Participant's sponsoring Member stating that the Participant is in compliance with the requirements under Rule 1.2.6 and Policy No. 9.